A. The CALLS Plan Does Not Address the Inflated Level of ILEC Revenues

One of the changes proposed by the modified plan would require the ILECs to take additional first-year revenue reductions, in addition to those resulting from the normal operation of the price cap mechanism, to the extent necessary to provide for $2.1 billion in switched access reductions.

While the additional first-year revenue reduction is a positive change, its significance should not be overstated. First, MCI WorldCom estimates that ILEC revenues in the first year of the modified CALLS plan will be only about $400 million less than their revenues would have been under either the original CALLS plan or the current rules.[41] While the modified plan would eliminate a portion of local switching, rather than transferring it to the common line basket, the effect of this modification to the plan is offset in part by the effect of only applying a 3 percent X-factor to the special access basket, rather than the 6.5 percent X-factor that would be applied under the current rules or the original CALLS plan.

Attachment 3 shows that total ILEC revenues over the five years of the modified CALLS plan would still be greater than total ILEC revenues over the same period under the current rules. In the first year of the plan, as discussed above, ILEC revenues would be about $400 million less than under the current rules. In the second year, ILEC revenues would be about the same as under the current rules. In the later years, ILEC

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[41] See Attachment 3, page 1.

revenues would be significantly higher than under the current rules – about $2.5 billion per year higher by the 2004-2005 tariff year.

Given that it is universally acknowledged that interstate access charges are currently far above cost, it is contrary to the public interest for the Commission to adopt an access reform plan that is revenue neutral, much less one that actually increases ILEC revenue. There is even less justification for an access reform plan that increases the ILECs' revenue <u>and</u> has required the Bureau to agree to extend the unlawful use restriction adopted in the <u>Supplemental Order</u> for at least another year. The unlawful use restriction is far too high a price to pay for an access reform plan that is only a modest improvement over the original CALLS plan and would still provide the ILECs with more revenue than the current rules.

B. Retention of the Low-End Adjustment Mechanism Allows the ILECs to Take Back Part of the Only Concession They Have Made

The original CALLS plan would have eliminated the low-end adjustment mechanism as part of an implicit bargain in which the LECs would allow the competitive process to work, as long as they were permitted to restructure their rates in what they believed was a more economically rational manner. CALLS went so far as to make the bold statement that "there is no 'revenue guarantee' under the CALLS plan" because "[p]rice cap LECs will have to retain and win customers in order to retain revenues; to the degree they lose customers, they lose revenues, with no government or regulatory guarantee."[42]

By reinstating the low-end adjustment mechanism, the modified plan reveals that the ILECs were willing to let go of the low-end adjustment mechanism only because the original plan was so favorable to the ILECs in all other respects. Only a few months later, the modest changes to the core CALLS plan and uncertainty about the outcome of the Fourth FNPRM proceeding have been enough to send the ILECs back to the safety of the low-end adjustment mechanism.

The Commission should, at a minimum, modify CALLS to eliminate the low-end adjustment for the July 1, 2001 and July 1, 2002 annual access filings. Allowing the ILECs to take a low-end adjustment in either of these tariff filings could allow the ILECs to take back part of the only concession they have made during the entire CALLS process: the additional reduction in first-year revenues. Because of the possible impact of this reduction on ILEC reported earnings in calendar years 2000 and 2001 (the basis for any low-end adjustment made in the 2001 or 2002 annual access filings), there is a risk that at least some ILECs will be able to take back part of their share of the $400 million "concession." There is no justification for allowing the ILECs to take back part of the only concession they have made.

Elimination of the low-end adjustment mechanism in the context of CALLS would be entirely consistent with the Commission's finding, in the Pricing Flexibility Order, that ILECs obtaining pricing reforms that enable them to compete more

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[42]CALLS Reply Comments at 44, December 3, 1999.

vigorously in the marketplace should not be afforded any rate-of-return-based protection.[43] CALLS provides the ILECs with all of the pricing reforms they have sought, particularly the ability to shift revenue recovery from more-competitive urban business lines to less-competitive rural residential lines. Allowing the ILECs to claim a low-end adjustment in 2001 or 2002, and take back part of the additional first-year revenue reduction, would be particularly inappropriate because the ILECs would at the same time begin receiving the benefits of the lower X-factor provided by the CALLS plan. Many of the large ILECs will reach the "target rate" in 2001, and nearly all of those that do not reach the target rate in 2001 will reach it in 2002.[44]

The retention of the low-end adjustment mechanism is certainly inconsistent with the CALLS coalition's claim that its plan will provide "certainty" and "stability."[45] While the original plan provided a measure of certainty and stability for both the ILECs and their customers, the modified plan provides certainty and stability only for the ILECs. Customers' rates could increase at any time if competitive losses, depreciation changes, or other factors cause the ILECs to claim a low-end adjustment.

Not only are the ILECs allowed to retain the low-end adjustment mechanism, but the ILECs retain the right to continue their campaign for relaxation or elimination of the

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[43]Pricing Flexibility Order at ¶ 164.

[44]See Attachment 3.

[45]See First CALLS Memorandum at 37 ("The plan eliminates much of the uncertainty that results from government rate setting."); First CALLS Memorandum at 33 ("The CALLS plan would address all of these concerns, and create a five-year period of regulatory stability.")

Commission's depreciation, cost allocation, affiliate transactions, and separations rules. The accounting rule changes advocated by the ILECs would make it easier for the ILECs to manipulate their reported earnings and trigger the low-end adjustment mechanism. To ensure that there is at least some measure of certainty and stability for the ILECs' customers, and not just the ILECs, the Commission should take the following actions:

First, if the Commission adopts the CALLS plan, it should state that it will not modify, waive, or forbear from applying its depreciation, cost allocation, and affiliate transactions rules during the five-year life of the CALLS plan. Maintaining the current accounting rules for the life of the CALLS plan will ensure that ILECs are not able to manipulate their reported rate of return.

Second, to provide a measure of stability for the ILECs' customers, the Commission should state that the ILECs cannot automatically claim a low-end adjustment caused solely by a cost shift resulting from any change to the separations rules or the Commission's interpretation of a separations rule.[46] If such a cost shift occurs, the Commission should conduct a further proceeding to determine whether a low-end adjustment is appropriate.

Third, the Commission should deny the pending petitions for reconsideration of the Pricing Flexibility Order's requirement that ILECs give up the low-end adjustment

[46]For example, the ILECs should not be permitted to automatically claim a low-end adjustment resulting from cost shifts due to any change to the separations treatment of dial-up traffic to ISPs.

mechanism when they obtain Phase I or Phase II pricing flexibility.[47] As the Commission found in the Pricing Flexibility Order, ILECs that have obtained Phase I or Phase II pricing flexibility have the incentive to manipulate their reported rate of return by misallocating costs.[48]

C. The Lower Residential SLCs are Offset by Higher PICCs

The second major difference between the original plan and the modified plan is that residential SLC caps are lower under the modified plan. Rather than increasing the residential SLC caps to $5.50 in 2000, $6.25 in 2001, $6.75 in 2002, and $7.00 in 2003, the modified plan increases the residential SLC cap only to $4.35 in 2000, $5.00 in 2001, $6.00 in 2002, and $6.50 in 2003. CALLS suggests that, after July 1, 2001, when the residential SLC cap would reach $5.00, the Commission could initiate a proceeding to "verify" that the further increases in the SLC caps are appropriate.

While the lower residential SLC caps are a positive change, the lower residential SLC caps generally leave more revenue to be recovered through the multiline business PICC or CCL. Whereas the original plan would have essentially eliminated the multiline business PICC by 2001, multiline business PICC rates will decline more slowly under the modified plan. For example, while CALLS estimated that the national average multiline business PICC rate under the original CALLS plan would have been

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[47]Bell Atlantic Petition for Reconsideration, CC Docket No. 96-262, October 22, 1999; GTE Petition for Reconsideration, CC Docket No. 96-262, October 22, 1999.

[48]Pricing Flexibility Order at ¶¶ 163, 165.

approximately $0.30 per line during the 2001-2002 tariff year,[49] MCI WorldCom estimates that the multiline business PICC will be over $1.00 per line under the modified plan during the same period.[50] In addition, the modified plan would allow certain higher-cost ILECs to maintain multiline business PICCs indefinitely, even if the Commission finds, in the proceeding to be launched in mid-2001, that an increase in the residential SLC to $6.50 is justified.[51] The amount to be recovered through the multiline business PICC could be substantial if the Commission were to find that the progression of SLC cap increases to $6.50 is not justified. In fact, CALLS suggests that the Commission could increase the multiline business PICC cap above $4.31 if it establishes residential SLC caps lower than those proposed by CALLS.[52]

The higher multiline business PICCs of the modified CALLS plan would place national IXCs at a significant competitive disadvantage when competing against RBOC long distance affiliates. Because RBOC multiline business PICC rates are likely to be eliminated quickly, an RBOC long distance affiliate operating primarily in-region would

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[49]CALLS September 2, 1999 ex parte, Attachment, "Industry Revenue and Rate Summary" workpaper.

[50]Attachment 3, page 2.

[51]These ILECs will continue to have a multiline business PICC because the CALLS plan's formula for distributing the $650 million in universal service support among the LECs has not been adjusted to reflect the change in the residential SLC from $7.00 to $6.50. The formula for calculating "minimum" USF support continues to provide support for only the portion of loop costs above $7.00, leaving the difference between the $6.50 residential SLC cap and the $7.00 USF "benchmark" to be recovered through the multiline business PICC or CCL. See Modified CALLS Proposal at 11 (§ 2.2.2).

[52]Modified CALLS Proposal at 7 (§ 2.1.4.1 n.5).

likely have no PICC costs to recover. A national IXC, on the other hand, would still have PICC costs to recover and would have to recover these costs on a nationally-averaged basis from all of its customers.

Because of the risk that higher multiline business PICCs pose for long distance competition, the Commission should not endorse the CALLS suggestion that the multiline business PICC cap may be increased at the time of the mid-course review in 2001. Instead, the Commission should modify the CALLS plan to ensure that the multiline business PICC is eliminated rapidly.

First, the Commission should adjust the CALLS's plan's formula for distributing the $650 million universal service fund among the price cap LECs. In distributing universal service support, the Commission should give higher priority to high-cost LECs that would otherwise be charging significant multiline business PICCs and lower priority to LECs that would primarily use universal service support to facilitate revenue-neutral SLC deaveraging. The Commission could, for example, adjust the CALLS plan's allocation formula by reducing the $7.00 residential line benchmark used in computing the "Study Area Preliminary Minimum Access USF"[53] and, if necessary, increasing the $75 million cap on the "Total National Minimum Delta."[54]

Second, the Commission should require price cap LECs to recover a portion of the multiline business PICC directly from end users, to the extent there is "headroom" under the $9.20 multiline business SLC cap. If necessary, the multiline business SLC

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[53]Modified CALLS Proposal § 2.2.2.

[54]Modified CALLS Proposal § 2.2.3.2.

cap could be allowed to increase at the rate of inflation, as is required by the current rules,[55] rather than frozen at $9.20.

D. The Special Access X-Factor Reductions Are No Substitute for Unbundled Loop and Transport Combinations

While the application of X-factor reductions to special access services is a positive change from the original plan, the X-factor reductions are likely to have only a limited effect on ILEC special access rates. Because much of the ILECs' special access revenue is in cities that already meet the Phase II pricing flexibility test, it is likely that the 6.5 percent X-factor reductions scheduled for 2001, 2002, and 2003 will affect only a small portion of the ILECs' special access revenue. In the 2000 annual filing, probably the only filing in which all of the ILECs' special access revenue will be subject to X-factor reductions, CALLS would provide only a 3 percent X-factor.

In light of the very low hurdle presented by the Phase I and Phase II pricing flexibility tests, unbundled loop and transport combinations are more important than the proposed X-factor reductions to ensuring just and reasonable special access rates. Only broad-based competition facilitated by unbundled loop and transport combinations can guard against anticompetitive price squeezes and special access rate increases in the large number of cities where the ILECs can obtain pricing flexibility. The Commission should, accordingly, lift the Supplemental Order's use restriction on June 30, 2000, as currently scheduled. If the Commission extends the use restriction, which it should not,

[55] 47 C.F.R. § 69.152(k)(3).

then the Commission should, as discussed above, (1) suspend the Pricing Flexibility Order's Phase I and Phase II provisions until it issues a final order resolving the Fourth FNPRM; and (2) require the ILECs to target X-factor reductions to the less-competitive DS1 and voice grade service categories, at least until the Commission issues a final order resolving the Fourth FNPRM.

IV. Conclusion

An extension of the unlawful use restriction adopted in the Supplemental Order is too high a price to pay for the modest improvements offered by the modified CALLS plan. The Commission should not adopt the CALLS package in its current form.

Respectfully submitted,
MCI WORLDCOM, INC.

Mary L. Brown

Alan Buzacott
Mary L. Brown
1801 Pennsylvania Ave., NW
Washington, DC 20006
(202) 887-3204

April 3, 2000

Attachment 1

MCI Telecommunications
Corporation

MCI

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Mary L. Brown
Senior Policy Counsel
Federal Law and Public Policy

March 20, 2000

John T. Nakahata
Harris, Wiltshire & Grannis
1200 18th Street NW
Washington, D.C. 20036

Dear John:

On March 8, 2000, the Federal Communications Commission placed on public notice a proposal by the Coalition for Affordable Local and Long Distance Services (CALLS) to reform universal service and interstate access charges. Comments are due March 30, 2000.

The package of material filed by CALLS includes a narrative "memorandum" explaining the proposal, a written summary of the proposal, and proposed rule changes that would need to be adopted if the proposal is accepted by the Commission. CALLS did not file any data to illustrate the effect of its proposals on incumbent local exchange carrier revenues by access category.

MCI WorldCom, Inc. orally requested the omitted data from CALLS, and on March 15, 2000, was advised by the Chief, Common Carrier Bureau that CALLS would provide this data to MCI WorldCom for the purpose of reviewing the latest CALLS plan. By this letter, we are making the request for data in writing. The data is necessary for our company to assess the impact of the CALLS plan on our costs and revenues, in order to decide if we could support the plan as it is currently proposed. The data would include, for example, spreadsheets such as those filed with the Commission on September 2, 1999 updated to reflect the modifications to the CALLS plan, or similar LEC-by-LEC, year-by-year, and element-by-element projections of rates, revenues, and USF receipts.

Since there are now only 10 days before comments are due in this matter, MCI WorldCom would ask that this data be provided as soon as possible, and in no event later than close of business Tuesday, March 21, 2000.

Thank you for your attention to this matter, and we look forward to reviewing the plan that CALLS has filed.

Sincerely,

Mary L Brown

Mary L. Brown

HARRIS,
WILTSHIRE &
GRANNIS LLP

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ATTORNEYS AT LAW

March 22, 2000

VIA FACSIMILE/ AND U.S. MAIL

Ms. Mary L. Brown
Senior Policy Counsel
Federal Law and Public Policy
MCI Telecommunications Corporation
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Dear Mary:

This letter responds to your letter of March 20 to John Nakahata requesting data to illustrate the effect of the CALLS plan on incumbent local exchange carrier revenues. As we discussed on the telephone yesterday afternoon, we would be happy to provide MCI Worldcom with this information in order to facilitate your review of the plan. However, we would provide the data only for MCI Worldcom's use in evaluating the plan, and would expect that the data or any calculations derived from the data not be disclosed to any other party or used by MCI Worldcom before any government body. We therefore request that you provide us with the following assurances in writing:

- An assurance that neither MCI Worldcom nor any of its affiliated companies will disclose the data or any information derived therefrom to any third party; provided, however, that MCI Worldcom may disclose the data or information to an attorney, accountant, or other technical expert retained by MCI Worldcom for the purpose of evaluating the CALLS plan;

- An assurance that neither MCI Worldcom nor any of its affiliated companies will use the data or any information derived therefrom for any commercial purpose;

- An assurance that neither MCI Worldcom nor any of its affiliated companies will use, refer to, or cite the data or any information derived therefrom before any government body or in any state or federal proceeding, including proceedings in which the CALLS plan is currently under consideration.

Ms. Mary L. Brown
March 22, 2000
Page 2

We will provide the data you requested once we receive these assurances in writing. Please feel free to contact John Nakahata or me with any questions or concerns.

Sincerely,

Evan R. Grayer

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Mary L. Brown
Senior Policy Counsel
Federal Law and Public Policy

March 23, 2000

John T. Nakahata
Harris, Wiltshire & Grannis
1200 18th Street N.W.
Washington, D.C. 20036

Dear John:

In my letter of March 20, 2000, I asked that CALLS provide MCI WorldCom with spreadsheets or other projections that illustrate the effect of its modified proposal on incumbent local exchange carrier revenues and rates. The letter noted that MCI WorldCom had been advised on March 15th by the Chief of the FCC's Common Carrier Bureau that CALLS would provide this data to MCI WorldCom.

According to your letter of March 22, 2000, CALLS will provide the requested data to MCI WorldCom only if MCI WorldCom provides written assurance that it will comply with three conditions. Specifically, CALLS requires that MCI WorldCom provide written assurance that it (1) will not provide the data to any third party; (2) will not use the data for any commercial purpose; and (3) will not use, refer to, or cite the data or any information derived therefrom before any government body or in any state or federal proceeding, including proceedings in which the CALLS plan is currently under consideration.

MCI WorldCom has no dispute with the CALLS group on the first two conditions. However, MCI WorldCom is puzzled by the third condition that CALLS is proposing. After all, CALLS filed detailed projections on the public record in conjunction with the original CALLS plan, in a September 2, 1999 ex parte filing of spreadsheets showing LEC-by-LEC and year-by-year impacts. MCI WorldCom does not understand why CALLS is now seeking to restrict public discussion of its projections of the impact of the modified plan. Not only are the CALLS projections not proprietary, but public discussion of these projections is a prerequisite to any meaningful evaluation of the modified CALLS plan by the Commission.

First, the CALLS projections are essential to ensuring that CALLS members and other interested parties have a common understanding of the CALLS agreement. In this proceeding, CALLS is asking the FCC to adopt as rules a privately-negotiated agreement reached among a small group of industry players. While CALLS has filed a general description of its agreement, only the CALLS projections can illuminate the CALLS members' interpretation of the agreement's various provisions. Indeed, given the role that these projections undoubtedly played in facilitating agreement among the CALLS members, it is fair to say that "the numbers" are the agreement. Before the Commission can adopt the CALLS agreement as rules, the public must be given every opportunity to evaluate and, if necessary, comment on the CALLS members' understanding of the agreement.

Second, public comment on the CALLS projections is essential to any discussion of the public policy issues raised by the CALLS plan. Not only do consumer groups, state commissions, and other interested parties not have the resources to generate projections of their own, but it would be counterproductive to engage in a lengthy debate about the reasonableness of various parties' projections. The comments should be focused on policy issues, not modeling issues. By filing its projections on the public record, CALLS would provide a common starting point for interested parties' discussion of the policy issues.

MCI WorldCom urges CALLS to reconsider the restrictive conditions proposed in your March 22, 2000 letter. To facilitate full discussion of the merits of the CALLS plan, CALLS should file its projections on the public record as soon as possible, in order to allow interested parties sufficient time to evaluate these projections before filing their comments on March 30th.

Sincerely,

Mary L. Brown

Mary L. Brown

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ATTORNEYS AT LAW

March 23, 2000

<u>VIA FACSIMILE/ AND U.S. MAIL</u>

Ms. Mary L. Brown
Senior Policy Counsel
Federal Law and Public Policy
MCI Telecommunications Corporation
1801 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Dear Mary:

I have received your letter dated March 23, 2000, regarding projections and spreadsheets to illustrate the effect of the modified CALLS proposal. I am disappointed to see that you will not agree at this time to the reasonable conditions we have proposed with respect to sharing this information with you. We were particularly surprised that MCI Worldcom insists that it should be able to use this information, which we developed at our own expense, in a manner that may be potentially adverse to CALLS members in any and all governmental proceedings.

It is inaccurate to say that CALLS has filed only a general description of its modified proposal. We have, in fact, submitted not only a detailed description of the proposal, but also specific draft rules, redlined to show changes from current rules. We submitted this information both with respect to the initial CALLS proposal and the modified proposal on which the FCC now seeks comment. As you know, this is far more information than is normally provided by the Commission when it issues a Notice of Proposed Rulemaking. These materials provide a substantial basis for and notice of all aspects of the CALLS proposal.

In your letter, you state that "it is fair to say that 'the numbers' <u>are</u> the agreement." This is simply not true. The "numbers" -- even those numbers we did file last September -- have always been an imperfect estimate of the actual effects of the CALLS proposal, subject to changes in economic assumptions, rates of line and minute growth, changes in actual line counts and minutes of use, companies' own decisions as to which elements to subject to reductions, state decisions regarding the deaveraging of unbundled loop prices (and the timing of those decisions), and the timing of the consummation of pending sales and purchases of exchanges. There are also aspects of the modified proposal that are difficult to model, which we have not tried to depict.

In addition, the information we have developed as of this date is quite preliminary, due to the short amount of time we had to update our projections. Nevertheless, in an effort to assist MCI Worldcom in its analysis of the modified proposal, we are willing to share these projections subject to the conditions set forth in Evan Grayer's letter to you dated March 22, 2000. However, we are not willing to allow MCI Worldcom to publish, in this proceeding or any other proceeding, preliminary data, or selected excerpts or derivations therefrom, in a manner which may be misleading or inaccurate.

We believe that the conditions we have set forth are reasonable under the circumstances, and we remain willing to supply our nationwide average summaries, including changes in SLCs, PICCs, average switched access rates, and average special access rates.

Please feel free to contact me or Evan Grayer should you have any questions.

Sincerely,

John T. Nakahata

Attachment 2

MCI

MCI Communications Corporation
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Jonathan B. Sallet
Chief Policy Counsel

March 14, 2000

Mr. Lawrence Strickling
Chief, Common Carrier Bureau
Federal Communications Commission
Room 5-C450
445 12th Street
Washington, DC 20554

Dear Mr. Strickling:

I am writing to ask whether the Commission remains committed to its June 30, 2000 deadline for resolving the Fourth Further Notice of Proposed Rulemaking in CC Docket No. 96-98, as modified by the November 24, 1999 Supplemental Order.

As you know, the November 24, 1999 Supplemental Order prohibited interexchange carriers from converting special access services to combinations of unbundled loops and transport network elements. The Commission justified this use restriction on the grounds that it was an "interim measure" that would only be in effect until resolution of the Fourth FNPRM. The Commission promised that resolution of the Fourth FNPRM would occur on or before June 30, 2000.

It is MCI WorldCom's understanding that LEC members of the Coalition for Affordable Local and Long Distance Service (CALLS) have, in the course of recent discussions with the Common Carrier Bureau concerning the CALLS plan, proposed that the Commission defer action on the Fourth FNPRM until mid-2001 or later. The modified CALLS proposal filed with the Commission on March 8, 2000 is, however, silent on the timing of the resolution of the Fourth FNPRM.

Confirmation that the Commission remains committed to resolving the Fourth FNPRM by June 30, 2000 would assist MCI WorldCom in determining whether to support the modified CALLS proposal. MCI WorldCom's evaluation of the modified CALLS proposal will necessarily take into account all factors affecting the trend in access charges after July 1, 2000, including the prospects for expanded competition in the special access market.

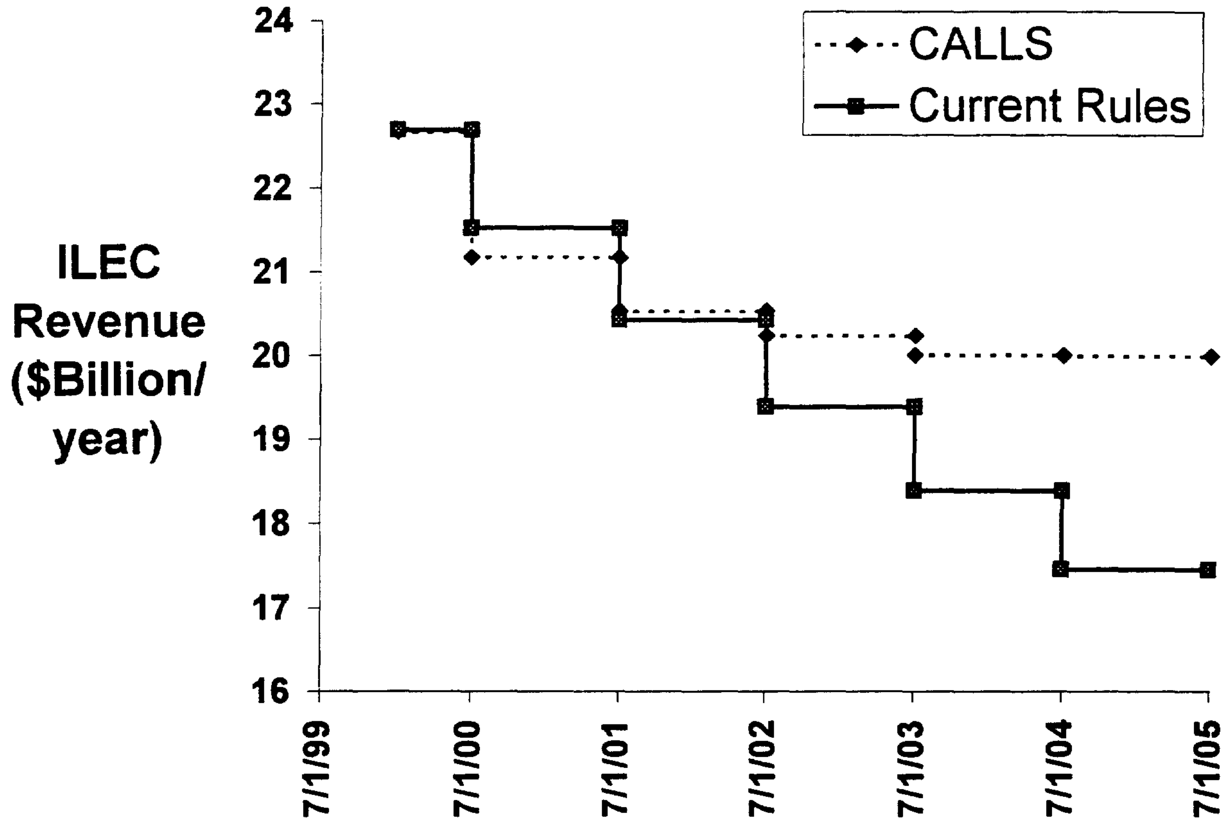
Sincerely,

Jonathan B. Sallet
by MB

Jonathan B. Sallet

Attachment 3

ILEC Revenues: CALLS vs. Current rules



	CALLS ($Billion/year)	Current Rules ($Billion/year)
Current	22.67	22.67
July 1, 2000	21.17	21.52
July 1, 2001	20.53	20.42
July 1, 2002	20.23	19.38
July 1, 2003	20.00	18.39
July 1, 2004	19.99	17.46

CALLS - TOTAL ILEC

Revenues (Before Allocation of Pooled Amounts)

Date	ILEC USF Payments	ILEC USF Receipts	SLC			PICC			CCL	Max. Pool Revenue	Residual TIC	Local Switching	Info Surch.	Trunk Ports	Tandem Transport	Direct Transport	Special Access	Other
			Prim.	NonPrim	MLB	Prim.	NonPrim	MLB										
Current		387,838,319	3,993,706,175	1,197,371,335	3,967,711,359	1,141,108,380	290,085,758	1,002,969,217	636,061,283	0	0	2,440,723,859	78,134,823	538,440,841	712,067,423	789,113,619	5,135,869,157	358,729,292
July 1, 2000	938,210,976	1,016,843,624	4,948,072,984	1,129,808,212	3,805,479,857	0	0	797,402,705	223,756,986	107,804,975	0	1,225,474,994	200,416	446,578,699	588,698,069	649,159,266	4,938,833,681	358,729,292
July 1, 2001	938,210,976	1,016,843,624	5,499,823,258	1,129,808,212	3,671,271,436	0	0	477,343,517	126,274,301	3,971,274	0	1,120,923,845	200,416	388,313,561	530,137,558	583,965,585	4,687,447,047	358,729,292
July 1, 2002	938,210,976	1,016,843,624	6,161,222,871	1,129,808,212	3,457,052,926	0	0	128,634,112	27,802,603	1,644,479	0	1,100,083,683	200,416	377,054,565	516,376,718	571,369,611	4,448,855,992	358,729,292
July 1, 2003	938,210,976	1,016,843,624	6,330,351,063	1,129,808,212	3,355,675,319	0	0	74,132,674	14,553,456	1,560,775	0	1,096,720,818	200,416	376,516,517	512,724,247	570,140,811	4,222,409,222	358,729,292
July 1, 2004	938,210,976	1,016,843,624	6,330,351,063	1,129,808,212	3,355,675,319	0	0	74,132,674	14,553,456	0	0	1,095,702,005	200,416	376,443,599	511,903,005	569,545,407	4,222,409,222	358,729,292

Revenues (After Allocation of Pooled Amounts)

Date	ILEC USF Payments	ILEC USF Receipts	SLC			PICC			CCL		Residual TIC	Local Switching	Info Surch.	Trunk Ports	Tandem Transport	Direct Transport	Special Access	Other	Total Revenues
			Prim.	NonPrim	MLB	Prim.	NonPrim	MLB											
Current		387,838,319	3,993,706,175	1,197,371,335	3,967,711,359	1,141,108,380	290,085,758	1,002,969,217	636,061,283		0	2,440,723,859	78,134,823	538,440,841	712,067,423	789,113,619	5,135,869,157	358,729,292	22,669,930,839
July 1, 2000	938,210,976	1,016,843,624	4,948,072,984	1,129,808,212	3,911,048,214	0	0	797,402,705	223,756,986		0	1,225,474,994	200,416	446,578,699	588,698,069	649,159,266	4,938,833,681	358,729,292	21,172,818,099
July 1, 2001	938,210,976	1,016,843,624	5,499,823,258	1,129,808,212	3,674,698,798	0	0	477,368,822	126,274,301		0	1,120,923,845	200,416	388,313,561	530,137,558	583,965,585	4,687,447,047	358,729,292	20,532,745,294
July 1, 2002	938,210,976	1,016,843,624	6,161,222,871	1,129,808,212	3,458,217,175	0	0	129,114,341	27,802,603		0	1,100,083,683	200,416	377,054,565	516,376,718	571,369,611	4,448,855,992	358,729,292	20,233,890,080
July 1, 2003	938,210,976	1,016,843,624	6,330,351,063	1,129,808,212	3,357,162,835	0	0	74,185,933	14,553,456		0	1,096,720,818	200,416	376,516,517	512,724,247	570,140,811	4,222,409,222	358,729,292	19,998,577,422
July 1, 2004	938,210,976	1,016,843,624	6,330,351,063	1,129,808,212	3,355,675,319	0	0	74,132,674	14,553,456		0	1,095,702,005	200,416	376,443,599	511,903,005	569,545,407	4,222,409,222	358,729,292	19,994,508,270

Rates

Date	ILEC USF Payments/Ln		SLC			PICC			CCL		Residual TIC	Local Switching	Info Surch.	Trunk Ports	Tandem Transport	Direct Transport	Average TS Rate	Average MOU Rate
			Prim.	NonPrim	MLB	Prim.	NonPrim	MLB										
Current			3.50	5.69	6.57	1.00	1.37	2.18	0.001384		0.000000	0.005311	0.000170	0.001172	0.001549	0.001717	0.009919	0.011303
July 1, 2000	0.48		4.34	5.37	6.47	0.00	0.00	1.73	0.000487		0.000000	0.002686	0.000000	0.000972	0.001281	0.001412	0.006332	0.006819
July 1, 2001	0.48		4.82	5.37	6.08	0.00	0.00	1.04	0.000275		0.000000	0.002439	0.000000	0.000845	0.001154	0.001271	0.005709	0.005983
July 1, 2002	0.48		5.40	5.37	5.72	0.00	0.00	0.28	0.000060		0.000000	0.002394	0.000000	0.000820	0.001124	0.001243	0.005581	0.005642
July 1, 2003	0.48		5.55	5.37	5.56	0.00	0.00	0.16	0.000032		0.000000	0.002386	0.000000	0.000819	0.001116	0.001241	0.005562	0.005594
July 1, 2004	0.48		5.55	5.37	5.55	0.00	0.00	0.16	0.000032		0.000000	0.002384	0.000000	0.000819	0.001114	0.001239	0.005557	0.005588

CALLS - FRONTIER

Revenues (Before Allocation of Pooled Amounts)

Date	ILEC USF Payments	ILEC USF Receipts	SLC Prim.	SLC NonPrim	SLC MLB	PICC Prim.	PICC NonPrim	PICC MLB	CCL	Max. Pool Revenue	Residual TIC	Local Switching	Info Surch.	Trunk Ports	Tandem Transport	Direct Transport	Special Access	Other
Current		0	27,230,420	4,655,182	17,843,906	8,091,325	904,919	3,253,055	7,912,376	0	0	23,104,761	0	1,764,504	8,851,991	3,739,283	22,781,846	1,766,866
July 1, 2000	3,175,494	1,460,757	33,843,522	4,651,985	18,456,839	0	0	3,193,584	5,777,550	2,113,376	0	11,814,978	0	1,488,295	7,457,925	3,181,284	22,182,093	1,766,866
July 1, 2001	3,175,494	1,460,757	37,709,267	4,651,985	17,193,908	0	0	3,056,806	3,311,514	1,464,521	0	10,048,991	0	1,310,273	6,634,325	2,783,612	21,053,025	1,766,866
July 1, 2002	3,175,494	1,460,757	41,503,170	4,651,985	17,193,908	0	0	2,465,820	108,596	739,278	0	8,567,898	0	1,183,198	6,073,139	2,469,937	19,981,426	1,766,866
July 1, 2003	3,175,494	1,460,757	43,400,122	4,651,985	16,947,854	0	0	923,519	0	701,847	0	7,877,735	0	1,117,606	5,664,222	2,187,325	18,964,371	1,766,866
July 1, 2004	3,175,494	1,460,757	43,400,122	4,651,985	16,947,854	0	0	923,519	0	0	0	7,439,082	0	1,075,916	5,404,324	2,007,703	18,964,371	1,766,866

Revenues (After Allocation of Pooled Amounts)

Date	ILEC USF Payments	ILEC USF Receipts	SLC Prim.	SLC NonPrim	SLC MLB	PICC Prim.	PICC NonPrim	PICC MLB	CCL		Residual TIC	Local Switching	Info Surch.	Trunk Ports	Tandem Transport	Direct Transport	Special Access	Other	Total Revenues
Current		0	27,230,420	4,655,182	17,843,906	8,091,325	904,919	3,253,055	7,912,376		0	23,104,761	0	1,764,504	8,851,991	3,739,283	22,781,846	1,766,866	131,900,433
July 1, 2000	3,175,494	1,460,757	33,843,522	4,651,985	20,151,852	0	0	3,193,584	5,777,550		0	11,814,978	0	1,488,295	7,457,925	3,181,284	22,182,093	1,766,866	120,146,186
July 1, 2001	3,175,494	1,460,757	37,709,267	4,651,985	18,281,840	0	0	3,056,806	3,311,514		0	10,048,991	0	1,310,273	6,634,325	2,783,612	21,053,025	1,766,866	115,244,754
July 1, 2002	3,175,494	1,460,757	41,503,170	4,651,985	17,596,243	0	0	2,802,762	108,596		0	8,567,898	0	1,183,198	6,073,139	2,469,937	19,981,426	1,766,866	111,341,470
July 1, 2003	3,175,494	1,460,757	43,400,122	4,651,985	17,596,243	0	0	976,778	0		0	7,877,735	0	1,117,606	5,664,222	2,187,325	18,964,371	1,766,866	108,839,503
July 1, 2004	3,175,494	1,460,757	43,400,122	4,651,985	16,947,854	0	0	923,519	0		0	7,439,082	0	1,075,916	5,404,324	2,007,703	18,964,371	1,766,866	107,217,993

Rates

Date	ILEC USF Payments/Ln		SLC Prim.	SLC NonPrim	SLC MLB	PICC Prim.	PICC NonPrim	PICC MLB	CCL		Residual TIC	Local Switching	Info Surch.	Trunk Ports	Tandem Transport	Direct Transport	Average TS Rate	Average MOU Rate
Current			3.50	5.56	5.88	1.04	1.08	1.49	0.003229		0.000000	0.009429	0.000000	0.000720	0.003613	0.001526	0.015288	0.018517
July 1, 2000	0.27		4.35	5.56	6.64	0.00	0.00	1.46	0.002358		0.000000	0.004822	0.000000	0.000607	0.003044	0.001298	0.009771	0.012129
July 1, 2001	0.27		4.85	5.56	6.03	0.00	0.00	1.40	0.001351		0.000000	0.004101	0.000000	0.000535	0.002708	0.001136	0.008479	0.009831
July 1, 2002	0.27		5.33	5.56	5.80	0.00	0.00	1.28	0.000044		0.000000	0.003497	0.000000	0.000483	0.002479	0.001008	0.007466	0.007510
July 1, 2003	0.27		5.56	5.56	5.80	0.00	0.00	0.45	0.000000		0.000000	0.003215	0.000000	0.000456	0.002312	0.000893	0.006875	0.006875
July 1, 2004	0.27		5.56	5.56	5.59	0.00	0.00	0.42	0.000000		0.000000	0.003036	0.000000	0.000439	0.002206	0.000819	0.006500	0.006500

CALLS - SPRINT

Revenues (Before Allocation of Pooled Amounts)

Date	ILEC USF Payments	ILEC USF Receipts	SLC Prim.	SLC NonPrim	SLC MLB	PICC Prim.	PICC NonPrim	PICC MLB	CCL	Max. Pool Revenue	Residual TIC	Local Switching	Info Surch.	Trunk Ports	Tandem Transport	Direct Transport	Special Access	Other
Current		49,864,200	210,770,536	43,133,976	147,370,287	59,476,474	15,041,344	58,077,717	78,466,592	0	0	146,651,990	998,654	9,022,251	56,941,462	32,940,597	146,533,551	20,608,362
July 1, 2000	31,728,792	142,088,779	260,233,404	40,698,925	143,662,178	0	0	40,185,309	9,286,366	8,963,275	0	83,900,809	0	7,443,632	46,684,217	26,771,632	142,827,758	20,608,362
July 1, 2001	31,728,792	142,088,779	294,902,999	40,698,925	134,073,689	0	0	23,496,118	894,451	2,025,228	0	77,444,229	0	6,840,354	41,979,562	24,451,154	135,557,825	20,608,362
July 1, 2002	31,728,792	142,088,779	331,215,289	40,698,925	120,695,372	0	0	1,456,596	0	448,187	0	75,639,580	0	6,699,584	40,583,045	23,536,606	128,657,932	20,608,362
July 1, 2003	31,728,792	142,088,779	337,064,746	40,698,925	116,302,511	0	0	0	0	425,374	0	75,210,811	0	6,674,548	40,316,491	23,206,855	122,109,243	20,608,362
July 1, 2004	31,728,792	142,088,779	337,064,746	40,698,925	116,302,511	0	0	0	0	0	0	74,815,131	0	6,651,445	40,070,509	22,902,552	122,109,243	20,608,362

Revenues (After Allocation of Pooled Amounts)

Date	ILEC USF Payments	ILEC USF Receipts	SLC Prim.	SLC NonPrim	SLC MLB	PICC Prim.	PICC NonPrim	PICC MLB	CCL		Residual TIC	Local Switching	Info Surch.	Trunk Ports	Tandem Transport	Direct Transport	Special Access	Other	Total Revenues
Current		49,864,200	210,770,536	43,133,976	147,370,287	59,476,474	15,041,344	58,077,717	78,466,592		0	146,651,990	998,654	9,022,251	56,941,462	32,940,597	146,533,551	20,608,362	1,075,897,993
July 1, 2000	31,728,792	142,088,779	260,233,404	40,698,925	150,807,199	0	0	40,185,309	9,286,366		0	83,900,809	0	7,443,632	46,684,217	26,771,632	142,827,758	20,608,362	1,003,265,183
July 1, 2001	31,728,792	142,088,779	294,902,999	40,698,925	135,931,594	0	0	23,521,423	894,451		0	77,444,229	0	6,840,354	41,979,562	24,451,154	135,557,825	20,608,362	976,648,448
July 1, 2002	31,728,792	142,088,779	331,215,289	40,698,925	121,000,272	0	0	1,599,883	0		0	75,639,580	0	6,699,584	40,583,045	23,536,606	128,657,932	20,608,362	964,057,048
July 1, 2003	31,728,792	142,088,779	337,064,746	40,698,925	116,727,885	0	0	0	0		0	75,210,811	0	6,674,548	40,316,491	23,206,855	122,109,243	20,608,362	956,435,438
July 1, 2004	31,728,792	142,088,779	337,064,746	40,698,925	116,302,511	0	0	0	0		0	74,815,131	0	6,651,445	40,070,509	22,902,552	122,109,243	20,608,362	955,040,995

Rates

Date	ILEC USF Payments/Ln		SLC Prim.	SLC NonPrim	SLC MLB	PICC Prim.	PICC NonPrim	PICC MLB	CCL		Residual TIC	Local Switching	Info Surch.	Trunk Ports	Tandem Transport	Direct Transport	Average TS Rate	Average MOU Rate
Current			3.50	5.82	7.27	0.99	2.03	3.70	0.003531		0.000000	0.006600	0.000045	0.000406	0.002562	0.001482	0.011095	0.014626
July 1, 2000	0.36		4.32	5.49	7.44	0.00	0.00	2.56	0.000418		0.000000	0.003776	0.000000	0.000335	0.002101	0.001205	0.007416	0.007834
July 1, 2001	0.36		4.90	5.49	6.71	0.00	0.00	1.50	0.000040		0.000000	0.003485	0.000000	0.000308	0.001889	0.001100	0.006782	0.006823
July 1, 2002	0.36		5.50	5.49	5.97	0.00	0.00	0.10	0.000000		0.000000	0.003404	0.000000	0.000301	0.001826	0.001059	0.006591	0.006591
July 1, 2003	0.36		5.60	5.49	5.76	0.00	0.00	0.00	0.000000		0.000000	0.003385	0.000000	0.000300	0.001814	0.001044	0.006544	0.006544
July 1, 2004	0.36		5.60	5.49	5.74	0.00	0.00	0.00	0.000000		0.000000	0.003367	0.000000	0.000299	0.001803	0.001031	0.006500	0.006500